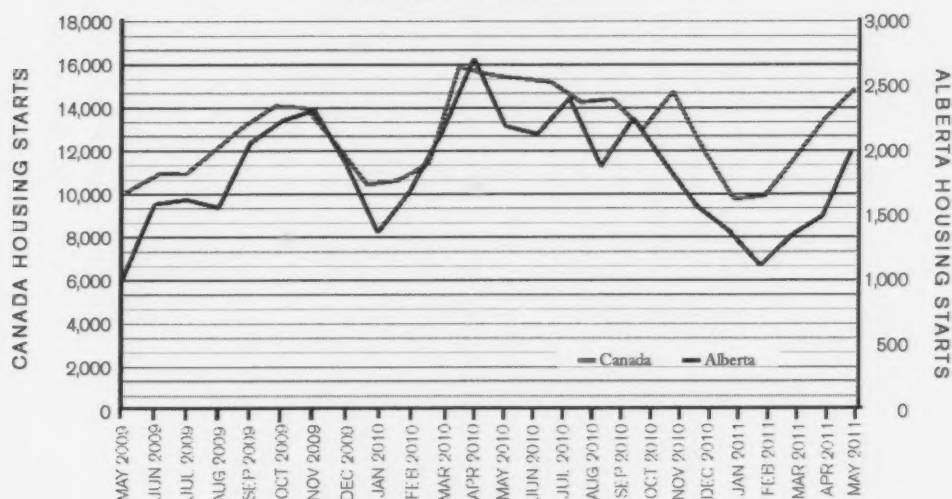


HOUSING BULLETIN MONTHLY REPORT

1

HOUSING STARTS DOWN YEAR-OVER-YEAR in CANADA and ALBERTA

Preliminary Housing Starts in Alberta* and Canada*,
May 2009 to May 2011



* Data reflects centres with a population of 10,000 and over.

Source: Canada Mortgage and Housing Corporation

- In May 2011, Canada's total preliminary housing starts increased 11 per cent month-over-month from April 2011 and decreased 3 per cent compared to May 2010.
- Across Alberta, preliminary housing starts declined 8 per cent year-over-year from 2,191 units in May 2010 to 2,007 units in May 2011. Month-over-month, Alberta housing starts increased 29 per cent.
- According to Canada Mortgage and Housing Corporation, May starts increased modestly due to an increase in multi-unit construction in most provinces and higher starts in rural areas.

ISSUE HIGHLIGHTS

Vacancy Rates

Calgary's vacancy rate is lowest in Alberta

Page 2

Rental Rates

Wood Buffalo remains most expensive centre to rent in Alberta

Page 3

Unemployment

Unemployment rate falls in Alberta

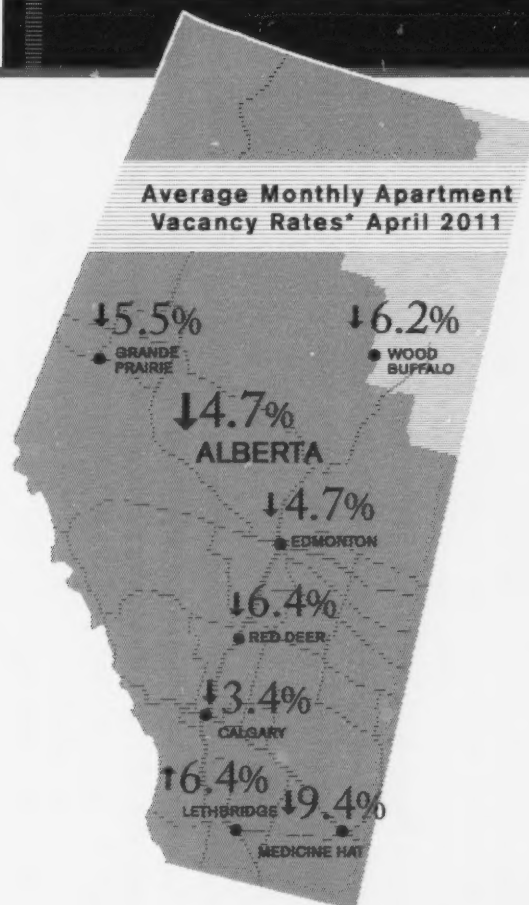
Page 6

Many Canadians will experience a financial shock when interest rates eventually rise, but the vast majority of households should be able to cope so long as the rise is gradual (TD ECONOMICS).

expensive for first time home buyers (ATB FINANCIAL). The market still remains quite expensive for first time home buyers (ATB FINANCIAL). The market still remains quite expensive for first

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APARTMENT VACANCY RATES DECLINE ACROSS the PROVINCE

- The most recent data shows that average private rental vacancy rates across Alberta's major urban centres** have decreased from 6.0 per cent to 4.7 per cent over the past year.
- Among Alberta's major urban centres**, only Lethbridge saw an increase in vacancy rates from 5.8 per cent in April 2010 to 6.4 per cent in 2011.
- Medicine Hat had the highest average vacancy rate at 9.4 per cent in 2011, down slightly from the previous year (10.7 per cent).
- Vacancy rates in Grande Prairie had the largest decrease, falling from 14.0 per cent in April 2010 to 5.5 per cent in April 2011.
- The lowest vacancy rate among Alberta's largest centres** was in Calgary (3.4 per cent).

*Average vacancy rate for all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom and 3-Bedroom+).

**Data includes centres with a population of 10,000 and over.

Source: Canada Mortgage and Housing Corporation

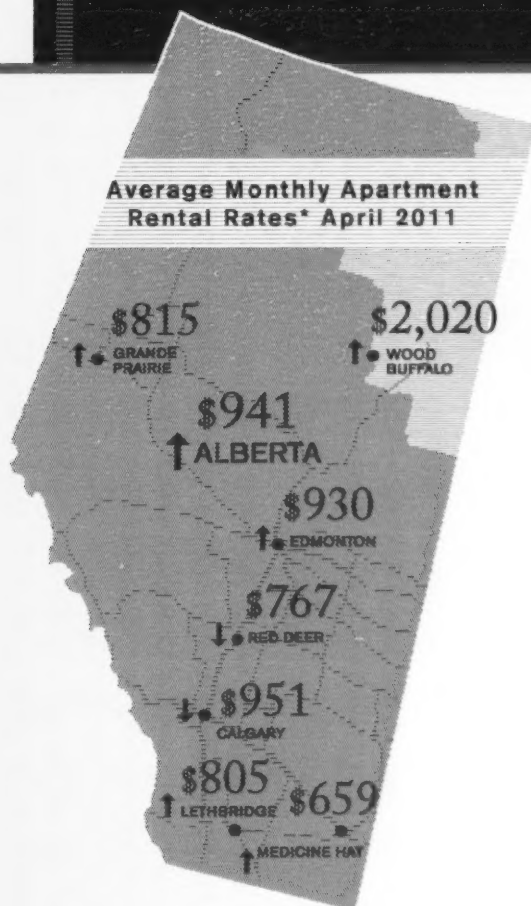
AVERAGE MONTHLY APARTMENT VACANCY RATES*

	April 2007	April 2008	April 2009	April 2010	April 2011	% Change from April 2010 to April 2011
Calgary CMA	0.5%	0.2%	4.3%	5.3%	3.4%	-35.8%
Edmonton CMA	1.1%	3.4%	4.7%	5.2%	4.7%	-9.6%
Grande Prairie CA	0.9%	8.8%	8.5%	14.0%	5.5%	-60.7%
Lethbridge CA	1.3%	0.8%	3.1%	5.8%	6.4%	10.3%
Medicine Hat CA	1.7%	2.0%	4.3%	10.7%	9.4%	-12.1%
Red Deer CA	2.1%	3.2%	3.9%	8.7%	6.4%	-26.4%
Wood Buffalo CA	0.2%	0.1%	6.9%	13.2%	6.2%	-53.0%
Alberta**	0.9%	2.9%	4.6%	6.0%	4.7%	-21.7%

nt levels (CMHC). Economic activity is anticipated to sustain rental demand for the rest of this year and next. As such, the vacancy rate is expected to remain near its current levels (CMHC). Economic activity is antici

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WOOD BUFFALO REMAINS MOST COSTLY RENTAL MARKET in ALBERTA

- The average rent for all unit types across Alberta's large centres** was \$941 per month in April 2011, up slightly from \$937 one year earlier.
- Average rent in Calgary decreased from \$970 in April 2010 to \$951 in April 2011. This year-over-year decrease marks the lowest rental rate in Calgary since 2007 (\$925) despite lower vacancies.
- The average rent in Edmonton increased from \$911 in April 2010 to \$930 in April 2011.
- Wood Buffalo had the largest year-over-year increase in rental rates from \$1,968 in April 2010 to \$2,020 in April 2011. Despite this increase in 2011, rental rates remain below the high in 2008, which reached \$2,193.

AVERAGE MONTHLY APARTMENT RENTAL RATES*

	April 2007	April 2008	April 2009	April 2010	April 2011	% Change from April 2010 to April 2011
Calgary CMA	\$925	\$992	\$1,006	\$970	\$951	-2.0%
Edmonton CMA	\$795	\$908	\$928	\$911	\$930	2.1%
Grande Prairie CA	\$1,039	\$979	\$914	\$808	\$815	0.9%
Lethbridge CA	\$672	\$740	\$784	\$792	\$805	1.6%
Medicine Hat CA	\$596	\$634	\$654	\$649	\$659	1.5%
Red Deer CA	\$734	\$798	\$799	\$787	\$767	-2.5%
Wood Buffalo CA	\$1,607	\$2,193	\$2,088	\$1,968	\$2,020	2.6%
Alberta**	\$847	\$953	\$962	\$937	\$941	0.4%

*Average rental rates includes all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom and 3-Bedroom+).

**Data includes centres with a population of 10,000 and over.

Source: Canada Mortgage and Housing Corporation

for rental units (CMHC). A strengthening economy, especially in the energy sector, has improved labour market conditions and job creation, which has attracted an inflow of migrants to support demand for rental units (CMHC). A strengthening econ

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EDMONTON RESALE ACTIVITY PICKED UP in MAY 2011

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF MAY

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single- Family Dwelling	Condominium	Duplex / Rowhouse					
May 06	\$284,992	\$172,545	\$224,743	24	2,474	2,344	94	92
May 07	\$424,400	\$266,507	\$344,521	23	4,790	2,645	55	71
May 08	\$385,230	\$263,785	\$327,566	53	4,272	1,854	43	38
May 09	\$366,619	\$243,744	\$292,288	52	3,186	2,266	71	51
May 10	\$390,583	\$248,526	\$320,204	44	3,670	1,682	45	46
May 11	\$380,545	\$241,080	\$294,898	50	3,526	1,857	52	48

- The average price of a single-family dwelling in Edmonton decreased by 2.6 per cent from May 2010 to May 2011. The same downward trend was found in the condominium (-3.0 per cent) and multi-family (-7.9 per cent) sectors.
- Resale listings in May 2011 declined 3.9 per cent year-over-year from May 2010, while sales rose 10.4 per cent. According to the Realtors' Association of Edmonton, as the local economy picks up and demand for labour increases, higher prices and sales throughout the summer can be anticipated.

- A home sat for sale on Edmonton's market for an average of 50 days in May 2011. This represents a 13.6 per cent year-over-year increase from May 2010.

Source: Realtors' Association of Edmonton

RESALE PRICES in CALGARY REMAINED STABLE in MAY 2011

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY IN THE MONTH OF MAY

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
May 07	\$497,523	3,716	3,652	1,995	25	\$332,237	1,173	1,332	887	24
May 08	\$479,564	7,099	3,432	1,368	42	\$311,816	3,308	1,538	577	50
May 09	\$436,427	3,861	2,235	1,584	45	\$275,212	1,952	998	653	51
May 10	\$483,240	5,649	2,966	1,262	38	\$304,662	2,656	1,221	518	43
May 11	\$489,482	4,616	2,552	1,313	41	\$287,384	2,092	1,017	503	49

- The number of single-family Calgary homes sold in May 2011 increased 4.0 per cent compared to May 2010, and prices rose slightly by 1.3 per cent.
- Listings for single-family Calgary homes fell 14.0 per cent year-over-year from May 2010.
- On average, a single-family home sat on Calgary's market for 41 days in May 2011, up 7.9 per cent from May 2010.

- Condominium sales also fell by 2.9 per cent over the same period. Sales are still well below peak 2007 levels, with 34 per cent fewer single-family homes and 43 per cent fewer condominiums sold in May 2011 compared to May 2007.

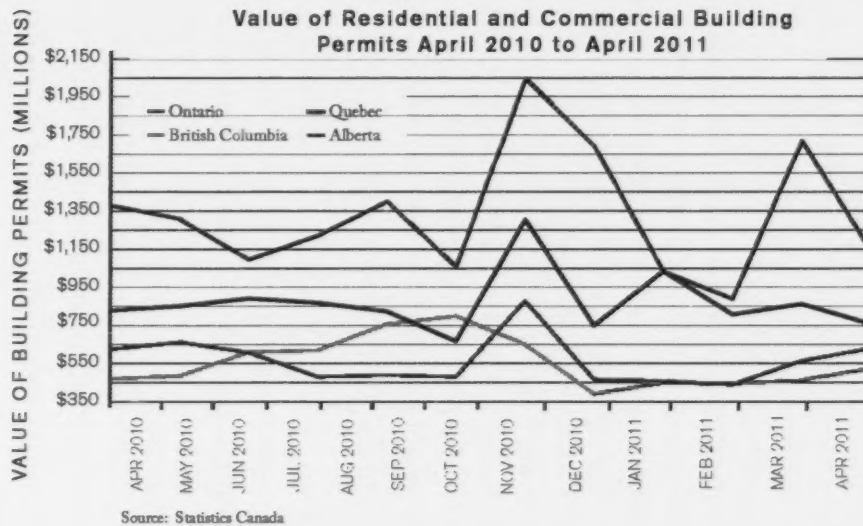
Source: Calgary Real Estate Board

ble (RE/MAX REAL ESTATE). We are beginning to see a positive change in our existing market. What that looks like for the next year or two is hard to say, but the present market seems very stable (RE/MAX REAL ESTATE). We are be

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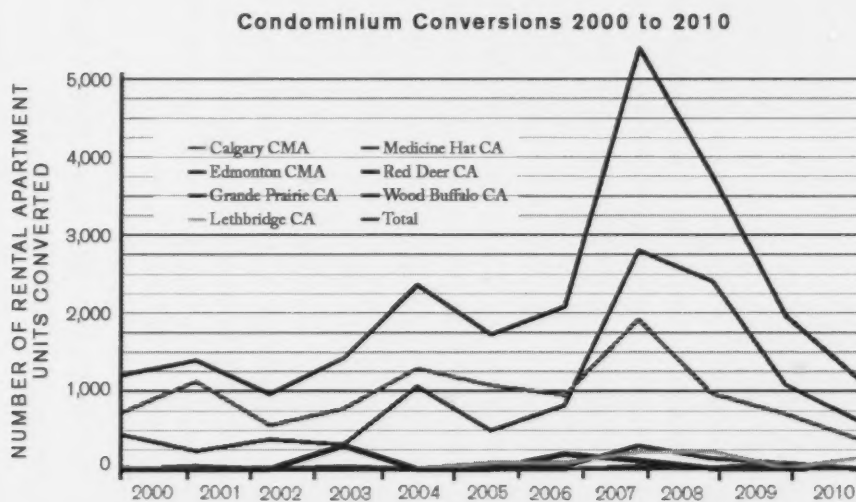
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APRIL BROUGHT SECOND CONSECUTIVE MONTH-OVER-MONTH INCREASE in the VALUE of RESIDENTIAL BUILDING PERMITS in ALBERTA



- Residential permits issued in Alberta in April 2011 totalled \$629.8 million, an increase of 11.5 per cent from March 2011. Year-over-year, the value of residential permits remained relatively unchanged, increasing by 0.3 per cent.
- The value of residential building permits had the largest decline in Ontario (33.5 per cent). This may have been a correction after the large spike in March 2011, when building permits increased 93.3 per cent month-over-month.
- According to Statistics Canada, while Canada (as a whole) and Alberta were experiencing year-over-year declines in building permits, Calgary had a spike in April 2011, compared to April 2010, largely due to increased interest in single-family dwelling development.

CONDO CONVERSIONS at SECOND LOWEST LEVEL in 10 YEARS



- From 2006 to 2007, condominium conversions jumped 159 per cent in Alberta. During that same period, conversions rose 242 per cent in Edmonton and 103 per cent in Calgary – a significant loss of rental units in Alberta's major urban centres.
- Condominium conversions were down 42 per cent across Alberta's major urban centres from 2009 to 2010, which indicates more rental apartments remained in the rental market over this period.
- Condominium conversions decreased by 43 per cent from 2009 to 2010 in Edmonton and by 47 per cent in Calgary.

Source: Canada Mortgage and Housing Corporation

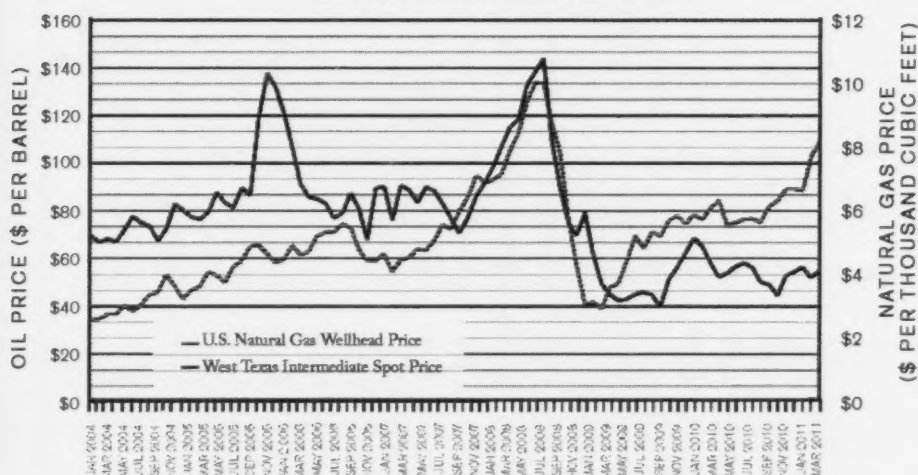
WS (ATB FINANCIAL). Residential construction is far from where it was pre-recession but the fact that permits year-over-year are at least holding steady is good news (ATB FINANCIAL). Residential construction is

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DIVERGENCE BETWEEN OIL and NATURAL GAS PRICES SLOWS ECONOMIC RECOVERY

Oil versus Natural Gas Prices

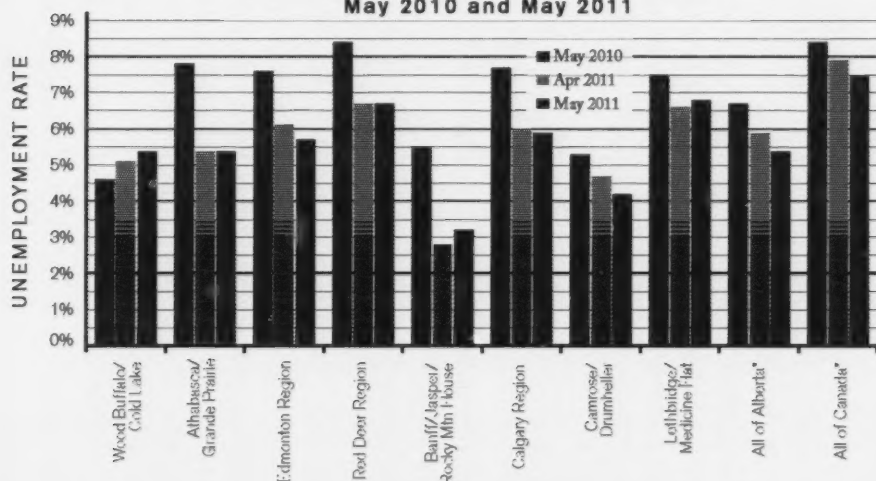


- Although oil prices continue to show steady signs of recovery, natural gas prices remain well below pre-boom levels.
- In its Economic Outlook 2011-2014, Alberta Finance and Enterprise predicted that a recovery in US industrial demand coupled with some restraint in gas supplies will help gas prices recover in 2012/2013, but they are unlikely to return to their previous highs. As a result, natural gas exports are expected to drag Alberta's growth over the forecasted period.
- This may have impacts on housing demand in areas where the primary industry is natural gas, such as Medicine Hat, and will have a trickle-down effect across the province as the industry is less likely to resume full scale hiring until natural gas prices show improvement.

Source: US Energy Information Administration

UNEMPLOYMENT RATES DROP in MOST ALBERTA REGIONS YEAR-OVER-YEAR

Unemployment Rate in Alberta Regions
May 2010 and May 2011



Source: Alberta Employment and Immigration

- Alberta's unemployment rate dropped from 6.7 per cent in May 2010 to 5.4 per cent in May 2011. Unemployment also decreased month-over-month from 5.9 per cent in April 2011.
- Unemployment declined in most Alberta regions with the exception of Wood Buffalo/Cold Lake where unemployment increased from 4.6 per cent to 5.4 per cent year-over-year. This may have been due to wildfires in the region that halted oil production during that month.
- In May 2011, unemployment was highest in Lethbridge (6.8 per cent), Red Deer (6.7 per cent) and Calgary (5.9 per cent).
- Unemployment rates in Alberta remain below the national average, which declined slightly from 7.9 per cent in April 2011 to 7.5 per cent in May 2011.

The economy seems to be picking up speed and Alberta has one of the lowest unemployment rates in Canada. That's a huge determining factor in the performance of the economy (CANADIAN INCOME FUND)

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